

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BRONSTON WATER)	
ASSOCIATION, INC., OF WAYNE AND)	
PULASKI COUNTIES, KENTUCKY FOR A)	
CERTIFICATE OF PUBLIC CONVENIENCE)	CASE NO.
AND NECESSITY TO CONSTRUCT AND)	2008-00463
FINANCE PURSUANT TO THE PROVISIONS)	
OF KRS 278.023.)	

ORDER

On November 5, 2008, Bronston Water Association, Inc. ("BWA") submitted an application for a Certificate of Public Convenience and Necessity to construct a \$735,000 waterworks improvement project and for approval of its plan of financing for this project. The project consists of the installation of a new 500,000-gallon ground storage water tank and related appurtenances, and the demolition and removal of an existing 100,000-gallon ground storage water tank. Project funding consists of a \$435,000 loan from the U.S. Department of Agriculture's Rural Development ("RD") and a \$300,000 grant from RD.

BWA's application was made pursuant to KRS 278.023, which requires the Commission to accept agreements between water utilities and the U.S. Department of Agriculture or the U.S. Department of Housing and Urban Development and to issue the necessary orders to implement the terms of such agreements within 30 days of satisfactory completion of the minimum filing requirements. Given that minimum filing requirements were met in this case on November 5, 2008, KRS 278.023 does not grant

the Commission any discretionary authority to modify or reject any portion of the referenced agreement.

IT IS THEREFORE ORDERED that:

1. BWA is granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. BWA's proposed plan of financing with RD is accepted.

3. BWA is authorized to issue a promissory note to RD in the amount of \$435,000, at an interest rate not exceeding 4.375 percent per annum, maturing over 40 years.

4. The proceeds from the promissory note to RD shall be used only for the purposes specified in BWA's application.

5. Notwithstanding Ordering Paragraph 4, if surplus funds remain after the approved construction has been completed, BWA may use such surplus to construct additional plant facility if RD approves of the use and the additional construction will not result in a change in BWA's rates for service. BWA shall provide written notice of this additional construction in accordance with 807 KAR 5:069, Section 3.

6. BWA shall file a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.

7. BWA shall monitor the adequacies of the expanded water distribution system after construction. If the level of service is inadequate or declining or the pressure to any customer is outside the requirements of 807 KAR 5:066, Section 5(1), BWA shall take immediate action to maintain the level of service in conformance with the regulations of the Commission.

8. BWA shall notify the Commission one week prior to the actual start of construction and at the 50 percent completion point.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 4th day of December, 2008.

By the Commission

ATTEST:


Executive Director